

FISCAL NOTE

SB 2715 - HB 3163

February 20, 2004

SUMMARY OF BILL: Reinstates the Tennessee Comprehensive Health Insurance Pool as it was authorized in state law on June 30, 1996.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$10,000,000

Increase State Revenues - Exceeds \$10,000,000

Estimate assumes:

- Reinstates the state run health insurance program for persons who are unable to purchase health insurance in the private sector or are ineligible for public assistance.
- The program will be funded in a similar manner, from enrollee premiums, state appropriations, and fees on health insurance companies. The amount cannot be determined but is estimated to exceed \$10,000,000. The assessment on insurance companies was \$5,715,000 in fiscal year 1994 and premiums totaled \$10,930,000.
- The state will incur a cost from establishing an administrative apparatus (or contracting with an administrator) and from incurred claims. The amount cannot be determined but is estimated to exceed \$10,000,000. TCHIP expended \$17,750,000 in fiscal year 1993 and \$12,700,000 in fiscal year 1994.

For information purposes:

1. The TCHIP program had 3,969 enrollees June 30, 1991 but only 1,782 in June 30, 1994 (the year TennCare was established).
2. The TennCare uninsured and uninsurable population was reduced from 508,500 in December, 2002 to 261,400 in December, 2003. An unknown part of this group would be potential enrollees for a TCHIP program, although the extremely high premiums would probably hold down enrollment.
3. Since TCHIP would make insurance available to the uninsured and uninsurable (even if they were unable to afford it), potential enrollees could be ineligible for TennCare because they have access to health insurance. A number of these same persons would later become TennCare eligible when their medical bills not covered by TCHIP increased.
4. If TennCare MCOs were assessed fees to support TCHIP, the increased cost would eventually be passed on to TennCare.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director